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ARIZONA CORPORATION COMMISSION

September 1, 2005

Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Commissioner Kristin Mayes

Re: Application for Surcharge (Docket No. E-01345A-05-0526)
Plan of Administration (Docket No. E-01345A-03-0437)

Dear Colleagues:

I have read the letters from Commissioner Mayes and Commissioner Gleason regarding the APS' Plan of Administration and Surcharge Application. They raise many valid points for which I believe also need to be answered. The best venue for addressing their concerns and questions is an evidentiary proceeding. Accordingly, I agree that these matters should be sent to hearing so that an evidentiary record can be developed. After that occurs, Commissioners will have the requisite information to decide APS' surcharge application.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hatch-Miller".

Jeff Hatch-Miller
Chairman

CC: Ernest Johnson
Lyn Farmer
Chris Kempley
Brian C. McNeil